

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7561**

**BILL NUMBER:** SB 506

**NOTE PREPARED:** Jan 13, 2009

**BILL AMENDED:**

**SUBJECT:** Local Government Matters.

**FIRST AUTHOR:** Sen. Boots

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

*Board of County Commissioners:* It provides that in counties other than Marion County:

- (1) the boards of county commissioners are eliminated effective January 1, 2013;
- (2) the county executive is a single elected chief executive officer; and
- (3) the county council is the county legislative body as well as the county fiscal body.

*Terms of Office:* It specifies that the term of each county commissioner elected in 2010 is two years rather than four years, and it provides that the initial county chief executive officers are elected at the November 2012 general election.

*County Council:* The bill specifies that after December 31, 2012, certain powers currently exercised by a county's board of commissioners shall be exercised by the county council.

*Office of Local Technical Assistance:* The bill requires the Office of Management and Budget (OMB) to establish an Office of Local Technical Assistance. It requires the Office to:

- (1) promote sound fiscal, management, and operational practices in local government and assist units of local government in carrying out these practices; and
- (2) coordinate interaction between units of local government and state agencies.

The bill requires the Department of Local Government Finance (DLGF) and the State Board of Accounts (SBA) to consult with the Office as the DLGF and the SBA develop and adopt transition rules to assist units of local government that are consolidating entire units or specific functions.

*Deletions and Repeals:* The bill deletes the requirement that a copy of an interlocal cooperation agreement must be filed with the SBA. It repeals the requirement that counties and municipalities must prepare and submit to the SBA an operational report concerning roads and streets, and it repeals the requirement that the county clerk must prepare a monthly report that is submitted to the county auditor, the county executive, and the SBA. The bill also repeals the requirement that the county treasurer must prepare a monthly report that is submitted to the county auditor, county board of finance, county executive, and state board.

The bill provides that if a proposed local government reorganization is initiated under the government modernization statutes by the voters of a political subdivision, approval of the legislative bodies of the affected political subdivisions is not required before a proposed reorganization plan may be prepared by a reorganization committee and placed on the ballot for a vote.

*Reorganization Committee Participants:* The bill specifies that the circuit court clerk of the county in which the most populous political subdivision named in a reorganization resolution or petition is located shall appoint to the reorganization committee three residents of each political subdivision participating in the reorganization.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Office of Local Technical Assistance:* The cost of the Office will depend on the number of employees and resources needed to provide assistance to local units of government. There are no comparisons to be made within current state agencies or with other states, but the costs are expected to be minimal.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. [On January 5, 2009, the OMB had two vacant positions with a total salary of about \$82,000.]

**Explanation of State Revenues:** *Chief Executive Officer Offenses:* The bill establishes a Class C misdemeanor for a chief executive officer who recklessly violates duties assigned in statute. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class C misdemeanor is \$500. Criminal fines are deposited in the Common School Fund.

Also, the bill establishes a Class C infraction for a chief executive officer paying for public advertising in more than one newspaper, unless required by law. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class C infraction is \$500, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed and, for a criminal charge, a \$120 court fee would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or

all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), the public defense administration fee (\$3), the court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

**Explanation of Local Expenditures:** *Reorganization of County Executive and Legislative Structure:* No current county executive or legislative responsibility is reduced or eliminated. The duties are reassigned from a three-member board of county commissioners to a single, elected county executive, which could reduce compensation costs. However, executive compensation is determined by the county fiscal body, and any cost savings will result from the decisions of the fiscal body. Officers are compensated from the county general fund.

*Chief Executive Officer Offenses:* A Class C misdemeanor is punishable by up to 60 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

*County Council:* The bill would give any county legislative powers to the county council.

*Deletions and Repeals:* The reporting and filing requirements deleted or repealed by the bill could provide minimal cost savings to local offices preparing or filing the reports. However, to the extent that the circuit court clerk's and county treasurer's report are monthly closing reports, cost savings may not occur. Additionally, the bill removes a public hearing and decision of the legislative body concerning a reorganization by referendum. There are no data available to indicate if removing this provision would increase the number of reorganizations undertaken.

**Background and Additional Details-** *Chief Executive Officer:* The chief executive officer would first begin serving a four-year term on January 1, 2013. The chief executive officer would exercise or perform all executive duties of the county except those assigned to another elected or appointed officer. Any law in referring to the board of commissioners and concerning county executive powers would be a reference to the chief executive officer. However, any authority to impose or levy a tax would be given to the county council as the legislative body.

Under the bill, the county executive would have specific reporting duties to both the residents of the county and the legislative body, would make recommendations concerning county improvements and actions, and would have approval/veto powers on ordinances passed by the county legislative body. The bill requires the chief executive officer office to be open each business day. Also, the county auditor or the chief executive may administer oaths and punish contempt with a fine of not more than \$100 or not more than 24 hours of imprisonment.

**Explanation of Local Revenues:** *Chief Executive Officer Offenses:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. In addition, several additional fees may be collected at the discretion of the judge and depending upon the particular type of criminal case.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Karen Firestone, 317-234-2106.